

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

STATE OF MISSISSIPPI
DEPARTMENT OF BANKING AND CONSUMER FINANCE

In the Matter of)

OXFORD UNIVERSITY BANK)
OXFORD, MISSISSIPPI)

(INSURED STATE NONMEMBER BANK))

CONSENT ORDER

FDIC-22-0030b

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for OXFORD UNIVERSITY BANK, OXFORD, , MISSISSIPPI, (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q).

The Mississippi Department of Banking and Consumer Finance (“MDBCf”) is the appropriate state banking agency for the Bank under Title 81, Chapter 1 of the Mississippi Code, Miss. Code. Ann. § 81-1-59.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER” (“CONSENT AGREEMENT”), dated _____, 2022, that is accepted by the FDIC and the MDBCf. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law relating to the Bank Secrecy Act (“BSA”), 31 U.S.C. § 5311 *et. seq.*, and the USA PATRIOT Act of 2001, 115 Stat. 272 (Public Law 107-56-Oct. 26, 2001), to the issuance of this Consent Order (“ORDER”) by the FDIC and the MDBCf.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b) and Title 81, Chapter 1 of the Mississippi Code, MISS. CODE ANN. § 81-1-125 have been satisfied, the FDIC and the MDBCFC hereby orders that:

CONSENT ORDER COMPLIANCE COMMITTEE

1. Within five (5) days after the effective date of this ORDER, the Bank's Board shall establish a subcommittee of the Bank's Board charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER ("Consent Order Compliance Committee"). The Consent Order Compliance Committee shall report monthly to the entire Bank's Board, and a copy of the report and any discussion related to the report, or the ORDER shall be included in the minutes of the Bank's Board meeting. Nothing contained herein shall diminish the responsibility of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

BSA STAFFING

2. Within sixty (60) days from the effective date of this ORDER, the Bank shall obtain an independent assessment of the Bank's Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Department to determine if the staffing level is sufficient to adhere to the Bank's BSA/AML Compliance Program and the requirements of the BSA regulations. In addition, the independent assessment should evaluate the qualifications and expertise of personnel in the Bank's BSA/AML Department to determine whether these individuals possess the knowledge, skills and abilities to perform present and anticipated duties, including adherence to the Bank's BSA/AML Compliance Program, the requirements of the BSA regulations, and the provisions of this ORDER. Within 90 days, the Board shall submit the assessment and an action plan to address any gaps that are identified in the assessment. The adequacy of the plan will be evaluated by the FDIC and MDBCFC.

BSA OFFICER

3. (a) The Board shall designate a qualified individual or individuals to be responsible for coordinating and monitoring day-to-day compliance with the BSA pursuant to Section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8 ("BSA Officer").

(b) The BSA Officer shall:

- (1) Have sufficient executive authority to monitor and ensure compliance with the BSA and its implementing rules and regulations;
- (2) Be responsible for determining the adequacy of BSA/AML staffing and for supervising such staff in complying with the BSA and its implementing rules and regulations;
- (3) Report to the Bank's Audit Committee on a regular basis, not less than quarterly, with respect to any BSA/AML matters;
- (4) Be responsible for ensuring the proper filing of Currency Transaction Reports ("CTRs"), Reports of International Transportation of Currency or Monetary Instruments, and Suspicious Activity Reports ("SARs") relating to the BSA; and
- (5) The BSA Officer shall provide monthly comprehensive written reports to the Bank's Consent Order Compliance Committee regarding the Bank's adherence to this ORDER.

(c) During the life of the Order, the Bank shall notify the Commissioner and the Regional Director in writing prior to appointing any new BSA Officer, or materially changing the responsibilities of the BSA Officer. Such proposed appointment, employment or change in

responsibilities shall not become effective unless and until a written notice of non-objection has been received from the Commissioner and the Regional Director. The Bank shall also notify the Commissioner and the Regional Director in writing of any individual and/or management level committee to which the Bank-approved BSA Officer reports, and shall ensure this individual and/or committee has the requisite BSA experience to help administer an effective BSA/AML Compliance Program.

DUE DILIGENCE PROGRAM

4. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written Customer Due Diligence ("CDD") Program.

(b) At a minimum, the CDD Program shall provide for appropriate risk-based procedures for conducting ongoing CDD that enables the institution to understand the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

INTERNAL CONTROLS

5. Within sixty (60) days from the effective date of this Order, the Bank shall develop and establish a system of internal controls that provides, at a minimum:

- (a) Procedures for conducting a risk-based assessment of the Bank's customer base to identify the categories of customers whose transactions and banking activities are routine and usual; and determine the appropriate level of additional due diligence necessary for those categories of customers whose

transactions and banking activities are not routine and/or usual ("High-risk Accounts");

- (b) Policies and procedures with respect to High-risk Accounts and customers identified through the risk assessment conducted pursuant to paragraph 5(a), including the adoption of adequate methods for conducting additional due diligence on High-risk Accounts and customers at account opening and on an ongoing basis, and for monitoring High-risk Accounts client relationships on a transaction basis, as well as by account and customer;
- (c) Policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity in the Bank's products, accounts, customers, services, and geographic areas, including:
 - 1. Establishment of meaningful thresholds for identifying accounts and customers for further monitoring, review, and analyses;
 - 2. Periodic tests and monitoring of such thresholds for their appropriateness to the Bank's products, customers, accounts, services, and geographic areas;
 - 3. Review of existing systems to ensure adequate referral of information about potentially suspicious activity through appropriate levels of management, including a policy for determining action to be taken in the event of multiple filings of SARs on the same customer, or in the event a correspondent or other customer fails to provide due

diligence information. Such procedures shall describe the circumstances under which an account should be closed and the processes and procedures to be followed in doing so;

4. Procedures and/or systems for each business area of the Bank to produce periodic reports designed to identify unusual or suspicious activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports with the following features:

- a. The Bank's procedures and/or systems should be able to identify related accounts, countries of origin, location of the customer's businesses and residences to evaluate patterns of activity; and

- b. The periodic reports should cover a broad range of time frames, including individual days, a number of days, and a number of months, as appropriate, and should segregate transactions that pose a greater than normal risk for non-compliance with the BSA.

- (d) Documentation of management's decisions to file or not to file a SAR;
- (e) Systems to ensure the timely, accurate, and complete filing of required SARs, CTRs, and any other similar or related reports required by law; and
- (f) Development and maintenance of policies and procedures with respect to wire transfer recordkeeping, including requirements for complete

information on beneficiaries and senders, as required by 31 C.F.R. § 1010.410.

INDEPENDENT TESTING

6. (a) The Bank shall establish and maintain an independent testing program for compliance with the BSA and its implementing rules and regulations to be conducted by either:

(1) A qualified outside party with the requisite ability to perform such tests and analysis, or

(2) Bank personnel independent of the BSA/AML Function.

(b) Such tests shall be done on at least an annual basis. The independent tests shall, at a minimum:

(1) Test the Bank's internal procedures for monitoring compliance with the BSA and its implementing rules and regulations and the Board approved BSA Policy, including interviews of employees who handle cash transactions;

(2) Sample large currency transactions and review CTR filings;

(3) Test the validity and reasonableness of the customer exemptions granted by the Bank;

(4) Test the Bank's recordkeeping system for compliance with the BSA and its implementing rules and regulations, including, but not limited to;

- a. Tests to ensure all reportable transactions have been identified and documented including for monetary instruments, wires, and funds transfers;
 - b. Tests to ensure Bank personnel are reviewing all applicable reports, including monitoring reports for structuring activities;
 - c. Tests to ensure compliance with all OFAC requirements;
 - d. Tests to ensure compliance with CDD requirements and provisions;
 - e. Test to ensure Bank personnel are obtaining and reviewing proper documentation, as well as performing ongoing due diligence and monitoring of activity associated with the Bank's designated High-risk customers; and
 - f. Test to ensure compliance with SAR identification, filing, and documentation requirements. In addition, evaluate all policies, procedures, and monitoring systems associated with identifying suspicious activity, the decision-making processes involving timely filing or not filing SARs, and on-going monitoring of potential and actual suspicious activity.
- (5) Test the Bank's Customer Identification Procedures ("CIP");
- (6) Test the adequacy of the Bank's Training Program to evaluate whether appropriate and on-going BSA training is provided and tailored to individuals based on their respective roles and responsibilities;

- (7) Evaluate the adequacy of the Board approved BSA Policy in terms of compliance with BSA requirements and adherence to internal Policy;
- (8) Evaluate the adequacy of the Bank's process of identifying, reporting, monitoring, and resolving BSA-related exceptions, recommendations, and apparent violations identified by regulators and/or the institution's BSA Independent Review; and
- (9) Document the scope of the testing procedures performed and the findings of the tests. The results of each independent test, as well as any apparent exceptions noted during the tests, shall be presented to the Bank's Board. The Bank's Board shall record the steps taken to correct any exceptions noted and address any recommendations made during each independent test in the minutes of the meeting.

TRAINING

7. Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall develop an effective training program ("Training Program") for members of the Board, management, and staff on all relevant aspects of laws, regulations, and Bank policies and procedures relating to the Bank's BSA/AML Compliance Program. This training shall be conducted at least annually and ensure that all appropriate personnel are aware of, and can comply with, the requirements of the BSA and its implementing rules and regulations, including for CDD requirements, the currency and monetary instruments reporting requirements and the reporting requirements associated with SARs, CTRs, wire activity, as well as all applicable OFAC requirements.

BSA/AML RISK ASSESSMENT

8. Within sixty (60) days from the effective date of this ORDER, the Bank shall revise its BSA/AML Risk Assessment. At a minimum, the revised BSA/AML Risk Assessment Program shall provide for:

1. Consideration of the specific risk categories (i.e., products, services, customers, entities, transactions, and geographic locations); and
2. A detailed analysis within the specific risk categories that evaluates data pertaining to the Bank's activities (e.g., number of domestic and international funds transfers, private banking customers, foreign correspondent accounts, payable through accounts; and domestic and international locations of the Bank's business area and customer transactions) in relation to the CIP and CDD information.

SUSPICIOUS ACTIVITY MONITORING AND REPORTING

9. Within sixty (60) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised written program for monitoring and reporting suspicious activity, which fully meets all applicable requirements of Section 353 of the FDIC Rules and Regulations, 12 C.F.R. § 353, and which is designed to, among other things, assure and maintain full compliance by the Bank with the rules and regulations issued pursuant thereto for identifying, monitoring, and reporting suspicious activity.

VIOLATIONS OF LAW AND REGULATIONS

10. (a) Within sixty (60) days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation noted in the Report of Examination related to BSA; and

(b) Within sixty (60) days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

NOTIFICATION TO SHAREHOLDERS

11. Immediately following the effective date of this ORDER, the Bank shall send a copy of this ORDER or otherwise furnish a description of this ORDER to the shareholders of the Bank.

PROGRESS REPORTS

12. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by the ORDER have been accomplished and the Regional Director and the Commissioner have released the Bank in writing from making additional reports.

This ORDER shall be effective on the date of issuance. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliate parties, and any successors and assigns thereof. The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC or the MDBCFC. The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC, the MDBCFC, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

Issued Pursuant to Delegated Authority.

Dated: June 9, 2022

/s/

Anthony M. Clark
Acting Deputy Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

Rhoshunda G. Kelly

Rhoshunda G. Kelly
Commissioner
Mississippi Department of Banking and
Consumer Finance